



City Council Agenda Report

From: Leslie Frazier, City Engineer/Deputy Director Community Development

Subject: Approval of a Transportation Impact Fee Credit Agreement for the Vintage at River Oaks II Project

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: March 18, 2025

Facts

1. In 2016, the City Council approved the Vintage at River Oaks II development which includes 271 residential units, with certain areas to be maintained as agriculture and/or parks and open space. The project is currently ongoing.
2. Dennis Moresco, representing The Vintage at River Oaks II, LLC (hereinafter referred to as the "Applicant"), is requesting the City enter into an agreement for Transportation Impact Fee (TIF) credit towards existing and planned building permits for the project.
3. The Applicant was conditioned to construct public improvements as part of the project. One specific condition, and project mitigation measures, required the Developer to reconstruct the North River Road and River Oaks Drive intersection prior to occupancy of the 90th unit in Phase 2.
4. The City Council approved Resolution No. 19-017, implementing the Transportation Impact Fee program. The purpose of a developer impact fee is to help fund construction or expansion of public infrastructure caused by new development.
5. The TIF project list included improvements at North River Road and River Oaks Drive, aimed at enhancing connectivity and accommodating future traffic demands.
6. The Applicant has recently completed the improvements to the City Engineer's satisfaction.

Options

1. Take no action; or
2. Authorize the City Manager to sign the TIF Credit Agreement with The Vintage at River Oaks II, LLC; or
3. Refer item back to staff for additional analysis.

Analysis and Conclusions

The Impact Fee Credit Agreement between the City of El Paso de Robles and The Vintage River Oaks, LLC establishes a framework for the developer to receive credit against TIFs in exchange for reconstructing the intersection of North River Road and River Oaks Drive (TIF Project #6). The agreement acknowledges that the developer is required to complete these public improvements as a condition of approval prior to occupying the 90th unit in Phase 2. The estimated cost of the improvements is \$185,954, adjusted according to the 2024 ENR Construction Cost Index, while the developer's total Impact Fees Obligation for

Phase 2 is \$197,586. The agreement allows the developer to offset its impact fee obligations by completing and dedicating these improvements to the City which have recently been completed.

Under the terms of the agreement, the developer must fully fund and construct the improvements in accordance with approved public improvement plans (Exhibit B). The City agrees to credit the developer's impact fees up to the verified cost of the improvements, ensuring the credit amount does not exceed the total impact fee obligation. If the developer's Impact Fee Credit exceeds its Phase 2 obligation, the excess may be assigned to other phases of Tract 3105. The credit amount will be indexed annually according to the Engineering News Record's (ENR) Construction Cost Index to protect against inflation. If, upon project build-out, an unused credit balance remains, the City may refund the developer, subject to budget availability and verification of costs.

The agreement also includes construction and legal obligations for the developer, such as ensuring prevailing wages, providing warranties for the completed improvements, and obtaining lien releases before City acceptance. The improvements must be inspected and approved by the City Engineer before the credit is granted. In case of default, the City may terminate the agreement, refuse to grant the credit, or seek other legal remedies. Conversely, if the City fails to provide the credit as required, the developer may pursue legal action. The agreement also contains standard legal provisions, including cooperation clauses, notice requirements, governing law, and jurisdiction.

Fiscal Impact

The impact resulting from the TIF credit agreement is fiscally neutral. Typically, the City receives TIF's from developers and then constructs certain improvements in-house. In this case, the developer constructed the improvements, and the City is giving the developer credit for those improvement costs. Overall, the Tract's fiscal impact on City services is offset by the Community Facilities District (CFD) tax levied on each parcel and any other costs associated with this recordation are reimbursed by the Applicant.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378 because the approval of the Transportation Impact Fee Credit Agreement will not result in a direct or reasonably foreseeable indirect physical change in the environment.

Recommendation (Option 2)

Approve the Transportation Impact Fee Credit Agreement and authorize the City Manager to sign the agreement with The Vintage at River Oaks II, LLC.

Attachments

1. Location Map
2. Improvement Plan
3. Transportation Improvement Agreement (TIF)